EXHIBIT 4
(Public)
(Previously File Under Seal as Dkt. 334)

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

FAIR ISAAC CORPORATION, a Delaware corporation,	)	Case No: 16-cv-1054 (WMW/DTS)
	)	
	)	
Plaintiff,	)	
v.	)	**Jury Trial Demanded**
	)	
FEDERAL INSURANCE COMPANY, An Indiana corporation, and ACE AMERICAN INSURANCE COMPANY, a Pennsylvania corporation	)	
	)	
	)	
	)	
	)	
Defendants.		

EXPERT REPORT OF WILLIAM S. MCCARTER

May 17th, 2019

CONFIENTIAL – ATTORNEY'S EYES ONLY

EXHIBIT

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EXPERT REPORT OF W. MCCARTER
CASE NO. 16-CV-1054 (WMW/DTS)   CONFIDENTIAL – ATTORNEYS' EYES ONLY

EXPERT REPORT OF W. MCCARTER
CASE NO. 16-CV-1054 (WMW/DTS)   CONFIDENTIAL – ATTORNEYS' EYES ONLY

88.   Blaze is only used in 10 of Federal's 1,500 applications.[37] Additionally, each application is made up of multiple internally developed programs and potentially uses Third-party technologies.[38] It is common for insurance companies to leverage functionality from third-party software providers who specialize in certain software functions.

89.   Based on my review of Third-Party technologies used by Federal, Blaze is 1 of 45 Third-Party software technologies used by Federal.

90.   Based on my review, I am estimating that Federal has a total of 1,545 technologies that are used to build and implement its business applications. Blaze is 1 technology of Federal's 1,545 technologies or 0.06%.

91.   Blaze does not have insurance processing functionality and Federal provided all the insurance applications that utilize Blaze for rules management functionality. Blaze only works when it is integrated with core insurance applications that have the required insurance functionality for selling and servicing insurance policies.[39]

B.   Federal Insurance Policy Administration Systems

92.   Federal has a large and complex set of insurance applications including many policy administration systems. A "policy administration system is the system of record for all policies that an insurance company has written. A policy administration system is a repository of policy-level data related to objects of insurance, coverages, limits, conditions, exclusions, duration of the policy, endorsements. In actual practice, an insurer uses a policy administration system either by itself or closely integrated with specific technologies. The policy administration system is used to execute a number of core processes, and relies on several types of supporting capabilities".[40]

93.   Based on my experience, it is common in the insurance industry for large multiple product insurance company's like Federal to have many policy administration systems to support different insurance products. Federal's policy administration systems are customized to its insurance products and geographic requirements.

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[37] FED017914_0001.

[38] Appendix B to this report.

[39] *Ivy Deposition.* Pg. 11:17-19

[40] Celent. 2016. *NORTH AMERICAN POLICY ADMINISTRATION SYSTEMS PROPERTY & CASUALTY, GENERAL, AND SPECIALTY LINES ABCD VENDOR VIEW.* pg. 5. Boston MA.

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Diagram 3 – Component View of CSI Express

98.   CSI Express is 1 of Federal's 1500 applications.[45] Blaze is also 1 of 20 the Third-Party technologies used in CSI Express.

99.   Blaze provides rules management and predictive analytics functionality to support predictive modeling, policy scoring and underwriter guidance within CSI Express. All of the required inputs, algorithms, and outputs for the predictive model were developed by Federal. All of the business rules for underwriter guidance were developed by Federal.

100.   I may rely on additional component view charts of the remaining applications referenced in this matter to assist in demonstrating where Blaze is used as a technology to support the components of Federal's systems.

101.   The remainder of the policy administration applications described below are variations of the CSI Express application with its own set of technologies tailored to the insurance product and the geographic market requirements. My understanding in speaking with Claudio Ghislanzoni, the Chief Enterprise Architect for Federal, is at least one of the remaining applications that use Blaze and has approximately 20 technologies that make up the system. The other applications have other technologies in addition to Blaze that make up the system.

102.   Blaze is used as a single technology for business rules management in each of the applications described.

- Evolution (CAZ) is the policy administration system for the Federal Canadian Zone and was developed by Federal.[46] Blaze is used to process Federal's business rules for underwriting guidance for Canada. The rate, quote, bind, and issue functionality was provided by Federal.

- EZER - EZER is a commercial policy administration system that supports Executive Risk products for European Zone and was developed by Federal.[47] Blaze processes Federal's rules for renewal policy categorization.

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[45] FED006248_0003.

[46] *Harkin Deposition.* pg. 28:11-16, Pandey Deposition. pg. 21:25, 22:1-8

[47] *Harkin Deposition.* pg. 53:22-24

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154.   It is my opinion that Federal's gross written premium revenue and profits are the result of Federal's knowledge and expertise in the insurance industry, Federal's customized insurance business processes, and Federal's proprietary insurance business applications which it developed and owns. Blaze is a technology that was used improve the management of Federal's business rules and decision making processes within certain applications.

Dated: May 17, 2019

William S. McCarter (signature)

William S. McCarter

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